

Auditor's Annual Report Vale of White Horse District Council

For the year ended 31 March 2025



Date: 26 February 2026

Members of the Joint Audit and Governance Committee
Vale of White Horse District Council
Abbey House
Abbey Close
Abingdon
Oxfordshire
OX14 3JE

Dear Sirs and Madams

Vale of White Horse District Council – Auditor's Annual Report 2024/25

We are pleased to attach our Auditor's Annual Report for the financial year 2024/25. This report summarises our audit conclusions and highlights the key findings arising from our value for money work.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of management and those charged with governance of the Council and should not be shared with anyone beyond the Council without our prior approval.

We would like to take this opportunity to thank the Council's officers for the co-operation and assistance afforded to us during the course of the audit.

Yours faithfully

Bishop Fleming Audit Limited

Bishop Fleming Audit Limited

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1. Introduction

Our Auditor's Annual Report (AAR) summarises the work that we completed for Vale of White Horse District Council (the Council) for the year ended 31 March 2025.

The Council is responsible for:

- keeping proper accounts and proper records in relation to the accounts and for maintaining an appropriate system of internal control;
- the preparation of annual accounts for each financial year. Such accounts must present a true and fair view and comply with the requirements of enactments that apply to them; and
- putting in place appropriate arrangements to secure the economy, efficiency and effectiveness in its use of resources and to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding and securing value for money from the public funds at its disposal.

The scope of our work is set in accordance with the National Audit Office's (NAO) Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are responsible for and are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We are also required to report to the Council by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

In addition, we are also responsible for reviewing the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The Code requires us to report on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We carried out our work in accordance with our Audit Plan which we issued to the Council in March 2025.

2. Executive summary

Results from the audit of the financial statements

Our work over the audit of the financial statements is ongoing. See section 3 for more details.

On finalisation of the external audit, we will also complete the component auditor procedures, in line with the National Audit Office group auditor instructions for the work required on the Whole of Government Accounts return.

We have issued this report as draft as these procedures have not been finalised. We will issue a final version to confirm when these matters have been resolved

Results on our work on other matters

We are currently completing our work relating to other matters in line with our audit plan. We have no matters to report at this time but will provide an update in our final version.

Results from our work on VFM arrangements

Under the Code, we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

Our conclusions are summarised below. See sections 4-8 for more details.

Financial sustainability	 Amber	<p>We did not identify any significant weaknesses in the Council's arrangements for financial sustainability.</p> <p>We have identified one recommendation outstanding from the prior year. See section 8 for further details.</p>
Governance	 Red	<p>We identified a significant weakness in the Authority's governance arrangements for the year ended 31 March 2025, in relation to the outstanding recommendations from Internal Audit. This (along with the recommendation made) is further outlined in section 6.</p> <p>We have identified two recommendations for improvement. See section 8 for further details.</p>
Improving economy, efficiency and effectiveness	 Amber	<p>We did not identify any significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.</p> <p>We have identified one recommendation for improvement and one recommendation outstanding from the prior year. See section 8 for further details.</p>

Key:

	Green - No significant weaknesses in arrangements identified and no recommendations made
	Amber - No significant weaknesses in arrangements identified but recommendations for improvement made
	Red - Significant weaknesses in arrangements identified and recommendations made

3. Audit of the financial statements

Audit opinion on the financial statements

The scope of our work is set in accordance with the Code and the International Standards on Auditing (ISAs) (UK). As stated in section 1 of this report, we are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Council at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We issued a modified disclaimed opinion on 25 February 2026.

Key issues arising from the accounts audit

Our testing and review of the financial statements has identified several amendments, alongside recommendations which are deemed to be either fundamental to, or have an important effect on, the system of internal control. Examples of these include significant delays in information being provided to audit, and inability to show how information within the Property, Plant and Equipment disclosures agreed to supporting information. These have been brought to the attention of those charged with governance.

2024/25 was the first year in which local government bodies were required to implement the provisions of IFRS16 Leases. There are transitional arrangements in place for the 'cumulative catch-up' approach mandated by CIPFA in the 2024/25 Code of Practice which will require an adjustment to the opening balances as well as supporting disclosures in the accounts. The value of the right of use assets and lease liabilities arising will depend on the nature and value of the underlying leases as well as assumptions adopted by the Council for the incremental borrowing rate.

The impact on the 2024/25 financial statements of the implementation of IFRS16 is material, therefore is subject to detailed audit procedures to provide assurance over the balances within the financial statements and management's approach to adopting the standard.

We reported the outcomes from our audit of the financial statements in our Audit Completion Report in February 2026.

Other matters

As stated in section 1 of this report, we are also required to report to the Council, by exception, the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Council under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We concluded that there were no matters to bring to the Council’s attention in respect of these matters.

Audit certificate

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor’s responsibilities in respect of the audit of the period covered by the certificate have been discharged.

We cannot formally conclude the audit and issue an audit certificate for Vale of White Horse District Council for the year ended 31 March 2025 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code until we have issued our audit opinion and have confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

More detailed findings can be found in our Audit Completion Report which was reported to the Joint Audit and Governance Committee on 24 February 2026.

4. Value for Money

Under the Code, we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

The Code requires us to report our commentary on the Council's arrangements under three specified reporting criteria:

- Financial sustainability – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Council ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The NAO has issued guidance for auditors to report against each of the three specified reporting criteria. The guidance also includes a number of further areas for review within each criterion for the auditor to assess those arrangements.

Our initial risk assessment did not identify any potential risks of significant weakness.

We asked management to complete an evidenced self-assessment of the Council's arrangements. We then reviewed the evidence provided and carried out follow up work as appropriate to consider whether there were any significant weaknesses in the arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our commentary on the Council's arrangements in each of these three areas is set out in sections 5, 6 and 7 of this report. Our recommendations for improvement are included in section 8.

5. Financial sustainability

We considered how the Council plans and manages its resources to ensure it can continue to deliver its services, including how it:

- ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- plans to bridge its funding gaps and identifies achievable savings;
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Overview and 2024/25 outturn

The Council's Financial Outturn Report for 2024/25 was presented to the Scrutiny Committee on 29 September 2025. The Council reported service expenditure of £22.8 million against a working budget of £22.7 million, resulting in a small adverse variance of £0.1 million. This was offset by treasury management investment income – Treasury Investments generated £6.7 million, exceeding the budget by £1.6 million. This was achieved by placing deposits at interest rates above forecast (driven by increases in the UK bank base rate), although some long-term investments continued to yield below market rates, reducing the average portfolio return. As a result, the net outturn position was an overall favourable variance of £1.5 million. Within this the Council reported £2.3 million more in retained business rates income than forecast, due to valuation adjustments and pooling income. To mitigate future volatility, £0.5 million was transferred to a dedicated reserve.

Capital expenditure for the year totalled £18.1 million compared to a working budget of £27.5 million, producing an in-year underspend of £9.3 million. This variance was largely due to slippage on several major projects.

- The Development and Corporate Landlord programme accounted for £5.4 million, including delays to the White Horse Leisure and Tennis Centre decarbonisation scheme and car park renovations.
- A further £2.8 million variance occurred on the Community Infrastructure Levy Healthcare scheme under Finance.
- £0.7 million was reported on Disabled Facilities Grants under Housing and Environment.

These delays were linked to project timing, market conditions, and outcomes from a budget challenge exercise. At year-end, £9.2 million of the capital underspend was carried forward into 2025/26 to complete these projects.

Financial planning and monitoring

The Council has established robust arrangements for financial planning and monitoring.

Each year, the Council prepares a comprehensive budget that includes:

- The revenue budget for the forthcoming financial year;
- An updated capital programme covering the next five years; and
- A medium-term financial plan for the same period.

These budgets and plans are aligned with the Council's corporate objectives and include an assessment of how various projects (primarily capital investments) will contribute to achieving these objectives. Informed by prior-year performance data and anticipated changes, such as projected interest rate movements, the Council incorporates appropriate contingencies into its financial planning.

The finance team produces monthly budget monitoring summaries and quarterly reports, which are presented to the Cabinet. These reports compare actual expenditure and income to budgeted figures, identify variances, and project year-end outcomes based on current trends. This process enables the Council and elected Members to monitor financial

performance and ensure adherence to budgetary targets. Additionally, a treasury management report is produced bi-annually, providing an overview of prevailing economic conditions and interest rates, and evaluating the performance of the Council's investments.

Achieving efficiency savings

The Council's arrangements for achieving efficiency savings are consistent with those reported on last year.

As per the Council's Budget Setting Guidance, savings targets are built into the annual budget. Heads of Service offer potential savings against their current year budget and are given a reduced budget for the year after. Once set, the budget in total is monitored via monthly rounds of budget monitoring. Formal budget monitoring reports, where Heads of Service provide commentaries and forecast annual outturns, are issued every quarter. As noted previously, the Council reported a favourable budget variance of £1.5 million in 2024/25, as a result of interest income being above the planned budget.

Historically, the Council has not had to make savings to the same level as many other district councils. This is in part due to its joint working arrangement with South Oxfordshire District Council which has been in place for several years. In the prior year we recommended that the Council consider whether a more formal savings plan might be appropriate in future years, due to the continued pressures on local government finances and the uncertainty around future funding. No additional changes were made in the year and so this recommendation is still outstanding. This is emphasised by the gross revenue outturn being overbudget.

2025/26 financial planning

The Council's financial planning arrangements for 2025/26 remain appropriate and follow a similar structure to previous years.

The process is directed by the Budget Setting Guidance, which outlines the timeline and key tasks, such as the review of salary budgets and inflationary pressures. Initial base budgets were prepared by Heads of Service and budget holders in collaboration with finance business partners and were then subject to a two-stage challenge process, first by senior officers and then by elected Members. The 2025/26 budget incorporated adjustments for inflation, salary increments (£1.1m), essential growth (£1m), and base budget reductions (£0.6m), which included effects on communities, finance and housing. These adjustments total £2.7m, indicating a stronger financial position than previously forecast.

Alongside the revenue budget, the Council prepared a capital programme for 2025/26–2029/30 and a Medium-Term Financial Plan (MTFP) covering the same period. These were presented to the Scrutiny Committee and the Cabinet, and approved by Council on 12 February 2025. The capital programme aligns with the Council's capital strategy for 2025/26–2034/35, a key part of which is to support corporate goals, such as climate action, through sustainable building practices in new and refurbished projects and ensuring financial sustainability.

We are satisfied that Vale of White Horse District Council has appropriate arrangements in place for financial planning for 2025/26 and beyond. However, in his report on the robustness of the budget estimates and the adequacy of the reserves which accompanies the budget, the chief financial officer highlights that from 2025/26 onwards, revenue expenditure is expected to exceed income, requiring increased use of reserves. (General fund balances and unallocated earmarked reserves will decrease from £31.4m in 2025/26 to £9.5m in 2029/30.) In our view, this underlines the aforementioned need to implement a formal savings plan.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's financial sustainability arrangements. We have made recommendations for areas of improvement at section 8.

6. Governance

We considered how the Council ensures that it makes informed decisions and properly manages its risks, including how it:

- monitors and assesses risk and how it gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- approaches and carries out its annual budget setting process;
- ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Risk management

The Council's risk management arrangements remain appropriate.

The Council's Risk Management Policy and Guidance 2024–2026 clearly defines the process for identification, assessment, action planning, recording, monitoring and oversight of risks, amongst other key details. This policy was reviewed and updated during the 2023/24 financial year and continues to provide a clear and comprehensive framework. It is a combined policy for both South Oxfordshire District Council and Vale of White Horse District Council and supports the Councils' risk management strategy.

The Risk Management Policy and Guidance sets out the risk management process, which consists of five stages:

1. validate objectives within Council, service and project plans,
2. identify the risks to achieving those objectives,
3. evaluate and prioritise the risks,
4. implement action plans to mitigate risks within agreed risk appetite,
5. monitor, review and update risk profile and actions.

Risks are assessed based on likelihood and impact, and recorded in risk registers (corporate, service, project and partner/third-party). Each register includes mitigation actions, owners and review dates. The Councils also define risk appetite and tolerance to ensure resources focus on the most significant risks.

The Joint Audit and Governance Committee (JAGC) approves the risk strategy and considers the Corporate Risk Review half-yearly. The Senior Management Team undertakes quarterly reviews of corporate and project risk registers, supported by risk champions and the Risk & Insurance team. Regular reporting occurs at risk forums, team meetings and project boards.

Roles and responsibilities are clearly defined, from the Chief Executive and SMT to service managers, project managers and risk champions. Internal audit continues to provide assurance on the effectiveness of risk management processes, with findings reported to the JAGC.

The policy also introduces enhanced tools and templates, including a Risk Summary (Appendix 4) for reporting risk profiles and assurance levels. These arrangements ensure transparency and compliance with corporate governance requirements and the Civil Contingencies Act 2004.

Internal control

A key element of the Council's internal control continues to be the role of Internal Audit, which is provided in-house across both South Oxfordshire District Council and Vale of White Horse District Council. The JAGC approves the Annual Internal Audit Plan and receives quarterly progress reports covering changes to the risk register, areas audited, and recommendations for implementation.

Internal Audit provides independent assurance on the adequacy and effectiveness of the Council's control environment. The annual opinion confirms that governance, risk management and internal control arrangements are satisfactory overall, with improvements recommended where necessary. Two limited assurance opinions were issued during the year – these related to building control and housing compliance.

Management actions arising from audits are monitored through a formal follow-up process and reported to JAGC. While some progress is being made, a significant number of actions remain overdue. Internal Audit's annual report 2024/25 was presented to the JAGC on 1 July 2025. This detailed that there were 151 new recommendations made in 2024/25, of which 22 were priority 1 (i.e., findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management). We also reviewed the 2025/26 Quarter 2 update on the recommendations, which is summarised in the following table:

Audit year	Priority 1	Priority 2	Priority 3	Total
2019/20	-	2	1	3
2020/21	-	-	-	0
2021/22	-	7	1	8
2022/23	7	9	15	31
2023/24	2	26	7	35
2024/25	12	72	13	97
2025/26	-	1	-	1
Totals	21	117	37	175

As shown, as at 5 September 2025, there were 175 actions outstanding, of which 21 were priority 1. 77 of these actions were raised prior to 2024/25.

In our 2023/24 Auditor's Annual Report, we raised a recommendation that the JAGC should ensure that there is continued focus on addressing internal audit recommendations promptly with a view to reducing the number outstanding to a more manageable level. Given that the number of outstanding recommendations remains very high and given the delay in resolving a number of these (including those which are priority 1), our view is that this represents a significant weakness in the Council's governance arrangements that the Council should aim to resolve as soon as possible.

From discussions with the Internal Audit and Risk Manager, we understand that they meet regularly with the relevant managers and produce reports to detail where recommendations are overdue and what progress is being made against these. Our recommendation is that the Senior Management Team should take action to bring outstanding recommendations to a more manageable level. This should include an understanding of why such a high number of recommendations are raised in the first place, and a clear timeline for having these resolved. In addition, the JAGC should challenge progress being made to implement internal audit recommendations in a timely way in order to fulfil its responsibility over governance and internal control arrangements within the Council.

The minutes of the JAGC dated 1 July 2025 detail a review of the annual report on the Councillors' Code of Conduct complaints for 2024/25. This references the Nolan principles and discusses responsibilities for conduct. The employee Code of Conduct is available on the Council's website. However, this states that a renewal was due by 22 June 2023. As this is overdue, we have raised a recommendation that the Council renews the policy and uploads this to the website.

Budget setting and budgetary control

Financial budgets continue to be prepared by the Council's budget managers, supported throughout by the Financial Management team. The 2025/26 budgets were developed using the 2024/25 actual results as a baseline, adjusted for anticipated events and inflationary impacts. Heads of Service collaborate with their business partners to establish a base budget that meets or falls below the agreed target, ensuring current service levels are maintained without reductions.

Evidence demonstrates appropriate oversight of financial performance against budget. The finance team produces monthly budget monitoring summaries, while formal reviews and monitoring occur quarterly. Actions identified during these reviews are documented and tracked to maintain effective budgetary control.

As noted in the Financial Sustainability section of this report, the Council's MTFP for 2025/26–2029/30 has been approved. Committee minutes confirm that budgets are regularly compared to actual performance and projected across the full year. Significant variances are highlighted, explained, and discussed, with mitigating actions implemented where necessary. While sensitivity analysis is not currently undertaken, it has been considered during budget challenge sessions. We recommend introducing sensitivity analysis on key assumptions, such as interest rate and inflation changes.

Financial reports presented to the JAGC include a mix of relevant quantitative and qualitative data, offering a clear, high-level overview of the Council's financial position.

Decision making

Arrangements for decision making by the Council remain appropriate.

The Council's website clearly identifies the role of the Council, the services provided and its structure including reference to its Constitution. The Constitution sets out how the Council operates, how decisions are made and the procedures it follows to ensure that these are efficient, transparent and accountable to local people. For example, it explains the role of the full Council, the Cabinet, Scrutiny Committee and the JAGC as well as other committees. Reference is also made to the financial procedure rules in place.

The Council's management structure is made up of the Council's Chief Executive, three Deputy Chief Executives and the Heads of Services.

Adequate notice is given for the challenge of key strategic decisions before they are taken, which we can see from the Cabinet Work Programme. All relevant information appears to be provided to the decision makers before decisions are made. Each Committee paper clearly sets out the purpose of the report as well as any recommendations arising from the report. The financial implications are also highlighted as well as climate and ecological impact implications and legal implications.

Based on our review, the Council operates under a culture of openness and engagement with staff and stakeholders. Reports require the inclusion of information on consultations which have taken place. The relevant Cabinet Member is consulted on activities and decisions concerning their area of responsibility and, where appropriate, local members are also consulted.

Ensuring appropriate standards

The Council has appropriate policies and procedures in place to ensure appropriate standards are maintained. These include the Anti-Fraud, Bribery and Corruption policy and Gifts and Hospitality policy.

Declarations of interests are completed on an annual basis by elected Members, with the Register of Interests being on the Council's website. Arrangements for making a declaration of interest are in place at the beginning of all Committee meetings and are documented in the minutes.

We are satisfied that the Council has appropriate arrangements in place to monitor compliance with legislation and regulatory requirements. We have been informed that there was no significant non-compliance with laws and regulations, and throughout our audit work and reviews of minutes, we have not identified anything that contradicts this.

Based on the work carried out, we have identified a significant weakness in the Council's governance arrangements, namely around the failure to implement or achieve progress on recommendations raised by Internal Audit.

We have made recommendations at section 8.

7. Improving economy, efficiency and effectiveness

We considered how the Council uses information about its costs and performance to improve the way it manages and delivers its services, including:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Assessing performance and evaluating service delivery

The Council continues to assess its performance against its Corporate Plan, which sets out its strategic priorities. The previous plan covered the period from 2020 to 2024. Although a new approach to the Corporate Plan for 2024–2028 was endorsed in early 2024, the Council aims to publish new performance dashboards internally during Quarter 3 of 2025/2026. A revised Council Plan for 2025–2029 is now in place and was considered by the Full Council on 12 February 2025, following Cabinet review in January. The Council Plan 2025–2029 outlines four strategic priorities:

- Supporting climate and nature recovery
- Providing the homes and infrastructure people need
- Promoting healthy, sustainable, and inclusive communities
- Financial stability and innovative transformation

Each priority includes a range of projects and initiatives, along with information on how the Council intends to measure progress. Performance is monitored through quarterly corporate performance reports, which provide updates across the different themes. In some cases, specific key performance indicators are used to track progress, such as in areas like waste management reduction in single use plastics in the Council.

We previously recommended that the Council develops a more structured and coordinated approach to benchmarking, including regular reporting of comparative performance to elected members. However, our review of Committee minutes found no evidence that benchmarking insights have been formally shared with Full Council. The LG Futures Financial Intelligence toolkit appears to contain valuable comparative data that could support strategic decision-making. We suggest that management consider how best to utilise and communicate this information to elected members to enhance transparency and inform policy development.

The Council has not completed corporate performance/annual reports for 2024/25 whilst new plans and performance reporting were in development. The Council aims to publish new performance dashboards internally during Quarter 3 of 2025/2026. We recommend that the Council should still report using the old frameworks whilst the new are in development.

Partnership working

The Council continues to work closely with South Oxfordshire District Council. For example, they share a joint senior management team with the costs apportioned across the two councils.

In addition, the Council is part of the Oxfordshire Leaders Joint Committee (formerly known as the Future Oxfordshire Partnership), which is a collaboration between the six councils of Oxfordshire, focused on working together to improve the county (and which thereby demonstrates good practice with regards to joint working). It works with other county-level partnerships to deliver its priorities, including the Zero Carbon Oxfordshire Partnership and the Oxfordshire Local Nature Partnership. The Oxfordshire Leaders Joint Committee first meeting took place in June 2025, so we will assess this further during 2025/2026.

In the Future Oxfordshire Partnership Committee meeting for January 2025 the 'Oxfordshire Housing and Growth Deal: Update at the end of Quarter 2 2024/2025' was reported on. The expected completion date of the programme was reported

alongside funding still required and projects already completed. In the same meeting the net zero route map and action plan annual report was discussed, possible opportunities for collaboration are discussed.

In the Joint Scrutiny Committee meeting 30 September 2024 the Biffa contract renewal in 2026 was discussed including how the contract could be improved.

Devolution for Oxfordshire

The announcement of Local Government Reorganisation (LGR) in December 2024 was a significant new challenge, with the Council required to work closely with others in its area to determine the path forward for Oxfordshire as a whole, not only in terms of the shape and form of the successor unitary authorities but also how such a body or bodies may align to the broader strategic authorities. From our discussions with officers and review of minutes to date we consider that the Council has engaged with this challenge in an appropriate manner culminating with a report to Cabinet on 14 November 2025 requesting approval of the submission of a full proposal to Government for a two unitary model. This is based on one new unitary council covering the entire existing boundaries of South Oxfordshire and Vale of White Horse District Councils and West Berkshire Council, with the working title of 'Ridgeway', and a second new unitary covering the entire existing boundaries of Cherwell and West Oxfordshire District Councils and Oxford City Council, with a working title of 'Oxford & Shires'. We will follow up progress as part of our 2025/26 audit.

Commissioning and procuring services

The Council has a joint five-year Procurement Strategy (2021–2026) with South Oxfordshire District Council. The strategy sets out priorities and themes, including value for money, ethical procurement, sustainability, and climate considerations. It also includes rules for different contract values, such as one written quote for contracts up to £10,000, three quotes for £10,001–£75,000, and formal tenders for higher values.

Procurement is overseen by the Exchequer and Procurement Service Manager, with regular audits to ensure compliance. The Council uses an e-tendering portal and maintains a contract register for transparency.

Performance monitoring arrangements are in place for key providers. For example, Capita's performance is reviewed at Five Councils Partnership meetings, with reports covering areas such as land charges and IT. Biffa's waste collection contract is monitored through quarterly meetings and performance dashboards comparing actual and target figures. Issues identified are addressed promptly.

At the start of 2024/25, the Council was involved in the Five Councils' partnership, which jointly delivered a range of corporate, IT, and revenues and benefits services for Hart District Council, Havant Borough Council, Mendip District Council, South Oxfordshire District Council and Vale of White Horse District Council. The Council's involvement in the Five Councils' Partnership ended in September 2025, but the Council continues partnership working with three of the Councils (those mentioned previously less Mendip) under a contract extension.

In addition, other major contracts, including waste collection, expire in 2025/26. Cabinet reports show options have been presented in good time to support informed decisions.

Based on the work carried out, we are satisfied that there are no significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.

8. Recommendations

KEY:



Red - Recommendations that refer to issues that have resulted in a significant weakness in the Council's arrangements.



Amber - Recommendations that should improve the arrangements in place at the Council but are not as a result of identifying a significant weakness.

Current Year Issues

Governance - Internal Audit Recommendations	
 Red	
<p>In the previous year, we raised a recommendation that the JAGC should ensure that there is continued focus on addressing internal audit recommendations promptly with a view to reducing the number outstanding to a more manageable level.</p> <p>Our view is that this has not been resolved – as of 5 September 2025 there were 175 actions outstanding, of which 21 were priority 1 (i.e. high priority) with 77 having been raised prior to 2024/25.</p> <p>Given that the number of outstanding recommendations remains very high and given the delay in resolving a number of these (including those which are priority 1), our view is that this represents a significant weakness in the Council's governance arrangements that the Council should aim to resolve as soon as possible.</p>	<p><u>Recommendation</u></p> <p>The Senior Management Team should take action to bring outstanding internal audit recommendations to a more manageable level. This should include an understanding of why such a high number of recommendations are raised in the first place, and a clear timeline for having these resolved.</p> <p>In addition, the JAGC should challenge progress being made to implement internal audit recommendations in a timely way in order to fulfil its responsibility over governance and internal control arrangements within the Council</p> <p><u>Management comment</u></p> <p>It is councils' view that an Amber rating would be more appropriate for this finding and would be more reflective of the work of officers and of JAGC on the issue of outstanding items. In our view we don't believe there are 'significant weaknesses in arrangements' – the definition of a red rating. We believe that the arrangements we have are working, but some actions are not quick fixes.</p> <p>In terms of the recommended actions, it has already been agreed that the list of outstanding actions will be considered by management team prior to each JAGC. This followed discussion at JAGC, who were challenging progress on implementing recommendations. This senior management review will maintain focus on this issue.</p> <p>Having reviewed the open actions, we can demonstrate ongoing reduction in the number of items, and the internal audit manager has confirmed that there are very few audits where she doesn't have oversight or valid explanations for actions remaining open.</p>

Governance - Sensitivity Analysis	
 Amber	
As part of the budget setting report, which is linked to the medium-term financial plan, no sensitivity analysis is currently conducted.	<p><u>Recommendation</u> The Council should conduct a sensitivity analysis on core assumptions such as interest rates and inflation.</p> <p><u>Management comment</u> This is agreed – sensitivity analysis is undertaken by officers in determining some of the key numbers in the budget but we acknowledge that this is not reflected in the final budget setting reports.</p>

Governance - Code of Conduct Policy	
 Amber	
<p>The employee Code of Conduct is available on the Council's website. However, this states that a renewal was due by 22 June 2023 and is therefore overdue.</p> <p>We recognise that the People and Culture Team are undertaking a significant exercise in updating policies, with 18 having been updated since April 2024.</p>	<p><u>Recommendation</u> We recommend that the Council renews the employee Code of Conduct (and any remaining policies that require updating) and upload them to the website.</p> <p><u>Management comment</u> Policies are currently being reviewed in batches, and this one is due for review by February 2025. Other supporting employee conduct policies which have been reviewed include the implementation of the behavioural framework, conflict of interest policy and anti-bullying and harassment policy.</p>

Improving economy, efficiency and effectiveness – Corporate Performance Reports	
 Amber	
The Council has not completed corporate performance/annual reports for 2024/25 whilst new plans and performance reporting were in development.	<p><u>Recommendation</u> The Council should still report using the old frameworks whilst the new plans are in development.</p> <p><u>Management comment</u> The annual performance report in October 2024 closed down the previous corporate plans. When the new council plans and annual delivery plans were approved, Cabinet also approved a new approach to corporate performance reporting. We now have performance dashboards available on our websites, moving us away from the previous method of quarterly reporting out of time, to a more dynamic reporting process accessible all the time.</p> <p>An annual delivery plan summary report will be provided next year, when next year's delivery plan comes forward.</p>

Prior Year Issues – Ongoing

Financial sustainability – financial savings plans	
 Amber	
<p><u>Prior-Year Finding</u></p> <p>In line with the Budget Setting Guidance, financial savings targets are built into the Council’s annual budget. Historically the Council has not had to make savings to the same level as many other district Councils.</p> <p><u>2024/25 Update</u></p> <p>The Council still doesn’t have a formal savings plan. Whilst this has been historically unnecessary, it would still be beneficial. Moreover, given that revenue expenditure is forecasted to exceed income in future years (as per the MTFP), this need will become greater.</p>	<p><u>Recommendation</u></p> <p>We recommend the Council continue to implement a more formal savings plan which is reported to Members might be appropriate in future years.</p> <p><u>23/24 Management comment</u></p> <p>Agreed</p> <p><u>24/25 Management comment</u></p> <p>The Medium-Term Financial Plan for the period 2025/26 – 2029/30, as agreed by Council in February 2025, indicated that in 2026/27 the council would need to draw on reserves but such a draw would be sustainable in line with the parameters agreed in the budget report for sustainability. Future estimated draws on reserves would not be sustainable in line with those parameters. These estimates were based on estimates of future government funding. As the year has progressed, officers have continued to monitor the financial situation at Vale to determine whether a formal savings plan will be required as part of 2026/27 budget setting, or whether one would be needed for future years. This will continue to be kept under review, noting that the council still awaits the final clarity from government on its funding for 2026/27 and 2027/28, and also that under the government’s timetable for Local Government Reorganisation, this council will cease to exist after 2027/28.</p>
Improving economy, efficiency and effectiveness – Benchmarking	
	
<p><u>Prior-Year Finding</u></p> <p>Benchmarking helps Councils compare how they are performing with others – both in terms of service delivery and also cost effectiveness. From discussions with the Council and review of documentation such as Committee papers, we cannot see any evidence of the Council having a co-ordinated approach to benchmarking whereby it compares its performance to other comparable organisations and reports findings to elected members.</p> <p><u>2024/25 Update</u></p> <p>Our review of Committee minutes found no evidence that benchmarking insights have been</p>	<p><u>Recommendation</u></p> <p>The Council should consider formalising its approach to benchmarking to ensure it has a co-ordinated approach and enable it to demonstrate to stakeholders that it is continually seeking to improve performance.</p> <p><u>23/24 Management comment</u></p> <p>Work is underway to formalise the Council’s approach to benchmarking and ensure alignment with our performance management framework, noting that in many areas, service specific solutions will be required.</p> <p><u>24/25 Management comment</u></p> <p>It is accurate that we do not have a co-ordinated approach to benchmarking currently. Alongside our new data dashboard referred</p>

formally shared with Full Council. Our prior year finding therefore remains relevant.

to earlier, we are now working on a 'best practice' council hub which will include benchmarking.

However, we do provide benchmarking data in service areas and specific reports.



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